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CHURCH LEASES  
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# CHURCH LEASES

CONSIDERED.

BY

CHARLES HENEAGE ELSLEY, ESQ.

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LONDON:

JAMES RIDGWAY AND SONS, PICCADILLY.

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1837.

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CHEYSEA: PRINTED BY WILLIAM BLATCH, 23, EXETER STREET.

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## P R E F A C E.

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THE following observations appeared originally in a provincial paper called the *Yorkshireman*, under the signature of “Peter Freeland.” As the subject occupies the public attention very much at present, I have been induced to think, that the presenting them in their present shape would not be unacceptable to the Public. I have reason to believe that the information contained in them has not been altogether devoid of interest, and I flatter myself it has given some satisfaction. The question, it is to be hoped, will soon be before a Committee, where it will be fully considered: I am in hopes, nevertheless, that what is contained in this little Pamphlet, particularly in the first pages of it, will tend to make the object of that

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inquiry more easily understood. With this expectation, I now submit it to the indulgence of the public.

I take this opportunity of expressing my grateful thanks to Mr. Newman, the Actuary of the Insurance Office in York, for his valuable assistance; and I am flattered by his opinion, expressed in a letter which will be found in a note, coming as it does from a gentleman of his talent and great practical experience.

*May 31st, 1837.*

# CHURCH LEASES

CONSIDERED.

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I SHOULD not have thought of making the following observations public, but that I am myself a lessee of church property to a considerable amount, which my family has possessed for many years, and that I feel an anxious interest in the question now in agitation.

It is not my intention at present to enter upon the question of the expediency or propriety of abolishing church-rates: I will advert only to one part of the Chancellor of the Exchequer's plan, which is very little understood by many persons, who, nevertheless, have not hesitated to give their opinions very roundly, both within the House of Commons and without. I allude to the change contemplated

to be introduced into that property, which is now held by individuals under leases granted to them by dignitaries of the church, whether bishops, deans and chapters, prebendaries, or canons. To arrive at a proper understanding of the change, I will endeavour to explain the nature of such property, which may be designated by the general term of CHURCH LEASES.

Almost all ecclesiastical bodies, which I will for the sake of brevity comprise under the general name of DIGNITARIES, are possessed of landed property, which has been attached to their dignities either as original endowments upon the founding thereof, or as grants of lands, once belonging to monastic institutions, upon their dissolution, principally in the reign of Henry VIII., or his immediate successors; but it is not material for the present subject to enter into this inquiry; for whether the lands came by original endowment or by subsequent grant, they are in the same situation as regards the dignitaries or lessors, and their tenants or lessees. By law, such lands cannot be alienated, demised, or let for any longer period than twenty-one years, or the longest life of any three lives, except in some particular cases; they may be let for any shorter period, or they may be kept in the hands of the dignitary himself and occupied by him, as, for instance, episcopal residences, deaneries, prebendal houses, and the like. The practice with regard to the demising or letting of church property varies with different



dignitaries and in different places: this is one of the evils of the present system, for the terms upon which it is held depend upon the conscience, and in some instances, upon the caprice of the lessor: in fact, some lessors are more liberal and disinterested than others, who drive as hard bargains as they can; in the case of a liberal lessor the church does not get its due—in that of an illiberal one, the lessee is oppressed.

In the case of leases for lives, the usual practice is as follows. I will suppose that an estate is held upon a lease for three lives, that is, that it has been granted, demised, or let to an individual “to hold during the lives of A, B, and C, or the life of the longest liver of them;” so that so long as any one of them, A, B, or C, continues to live, the lessee has an indefeasible estate of freehold, called, in law French, “an estate *pur autre vie*,” being held upon the life of another person. In a lease of this description, there is generally made payable to the dignitary or lessor a certain annual sum called “the reserved rent;” this is a small payment not at all equal to the real annual value, in most instances almost a nominal sum. The dignitary reserves to himself all timber growing upon the estate, and the right of cutting it down, allowing to the lessee timber for necessary repairs, or what is termed “housebote, haybote, and ploughbote;”—that is, wood for repairs of houses and buildings and for fuel, wood for *hays* or hedges and fences, and wood for ploughs and other instru-

ments of husbandry ; which, however, the lessee cannot cut down and use without the approbation of the steward or agent of the dignitary. The lessor, also, sometimes reserves to himself the right to the game upon the estate, so that his gamekeeper shall have the sole right to kill it. Now, suppose one of these lives, A, for instance, should happen to die ; then the estate will be held upon the lives of B and C ; but it is to the interest of the lessee that he should have his term renewed ; that is, that it should again be made to depend upon the duration of three lives, or the longest liver of three ; and it is also to the interest of the dignitary to put an immediate sum of money into his pocket ; he may die, or be translated, or advanced before another opportunity offers. Thereupon the lessor and lessee begin to bargain together for a “*renewal*,” and the way in which this is carried on is something generally as follows ; at least the following is the fair and equitable plan. The dignitary sends his valuer to look at the estate, in order to ascertain the annual value. Now we will assume, that the valuer makes the annual value to amount to £1020, a sum at which it might reasonably be expected to be let to a tenant ; and we will assume that the reserved rent is £20.—Then we have

The annual value at which it might be let . . . . .	£1020
Deduct the reserved rent . . . . .	20

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Net annual value, on which the renewal fine is to be calculated £1000

This is the “*datum*,” the fixed point, upon which the calculations are to be constructed. Now, suppose the ages of the two remaining lives, B and C, to be 55 and 65 respectively, and that the lessee, of course, is desirous to put in a very *good* life, that is, a life of the longest probable duration, say D, then of the age of 10 years. The first consideration is, what interest the dignitary is willing the lessee should make of the money which he is to pay for the renewal fine; and we will suppose that he is willing to allow him to make £5 per cent. in order to induce him to renew then, and not defer it, *for fear of accidents*. The calculation then proceeds thus:—Upon consulting the tables for the purchasing of estates, renewing of leases, &c., which have been constructed by mathematicians and algebraists, (Sir Isaac Newton among others,) upon the doctrine of chances and the probable duration of human life, and which are now in everybody’s hands, it is found, that at the rate of £5 per cent., a lease for the longest liver of three lives aged, 10, 55, and 65 respectively, is worth 16 years’ purchase, that is, 16 times the annual income; but that a lease for the longest liver of two lives, aged 55 and 65, is worth only 11 years’ purchase. So that we have

The value of the new lease to be granted for				
the lives of B, C, and D	.	.	.	16 years’ purchase.
The value of the existing lease for the lives				
of B and C, the two survivors	.	.	11	„ „
Difference in value		.	<hr/> 5	

As the net annual value of the estate is assumed to be £1000, the difference, being 5 years' purchase, will be £5000, and this is the sum, which under the circumstances, ought to be required for the renewal of the lease; this is popularly called the FINE. The lessee, however, may not agree to these terms; he may think that the valuer has made the annual value too great; that it should have been only £900 instead of £1000; or he may fancy that he ought not to be charged so many years' purchase; or, what is generally the case, he may be ignorant of the *data* upon which the fine is calculated, and may object to the gross sum. If the dignitary be very old, or translateable, or advanceable, he may probably *abate* his demand; he may be willing to allow the lessee to make £6 per cent. Then, by the tables;

The value of the new lease to be granted for

the lives of B, C, and D . . . . 14 $\frac{1}{4}$  years' purchase.

The value of the existing lease for the lives

of B and C . . . . . 10 „ „

Difference in value 4 $\frac{1}{4}$

Which, in money, amounts to £4,250, being a better bargain for the lessee than the former by £750. But, if the dignitary be young and healthy, and also un-translateable and un-advanceable, he will stick to his terms, and if the lessee will not agree to them, he will run his life against the remaining lives in the lease or he may grant a concurrent lease;\*

\* A Bishop may always grant a *concurrent* lease under certain

and in case he should outlive them, the estate will go away entirely from the original lessee, and may be granted out to any other person, probably to the dignitary's own son, relative, or connection, who without paying any fine, may have a new lease granted to him for three good lives, which will be worth somewhere about 18 years' purchase at £5 per cent. For it is a great mistake to imagine that the lessee has any legal or equitable right to compel the dignitary to renew the lease to him: it has been so decided in courts of law; and in practice I could produce instances of leases being allowed to run out, and the property thereby has passed from the lessee and his family into other hands: there is no such thing as a *tenant right*. Yet, I own, these instances are rare; for the dignitaries themselves, whether bishops, deans and chapters, or prebendaries, have only a life interest: for if they should die or be removed before the lease expires, all benefit arising from that circumstance will go to the

restrictions, and the effect of one is shortly as follows. In the case put in the text, if the lessee cannot agree with him for a renewal, he may grant a lease dependant upon three of the best lives he can select to a relative, to a friend, or to any individual. This is called a concurrent lease, because it runs with and exists at the same time, as the original lease dependant upon the lives of B. and C. When B. and C. are both dead, then the concurrent lease comes into operation, and the property is held by the new lessee under it. A concurrent lease may be granted gratuitously, or for a money consideration, so that in the case put, if the lessee will not renew and pay the fine, still the Bishop may receive a sum of money upon granting a concurrent lease to a new lessee: it will be so much the worse for his successor, who will not have a chance of a renewal so soon.

successor. They, therefore, are willing to renew, because the money received upon the renewal belongs absolutely to them for the benefit of themselves and their families.

If he should not give the estate to one of his own family, he will be justly entitled to demand 18 years' purchase, or £18,000 for the granting of a new lease, or he may obtain considerably more from the original lessee, or any other individual. Sometimes it happens that a lessee stands out till two of the original lives are gone; then the terms will be, supposing that this happens after the lapse of 10 years, when the only remaining life will have attained the age of 75, and the two new lives proposed to be inserted are of the age of 10 and 25:—

The value of the new lease will be . . . . .	17 years' purchase
The value of the existing lease now depending upon the life of D, aged 75 . . . . .	$4\frac{3}{4}$ “ “
<hr/>	
Difference of value . . . . .	$12\frac{1}{4}$

Which in money, amounts to £12,250, the sum to be paid for the renewal in this case, at 5*l.* per cent.

In any of these cases, if the lessee agrees to the terms proposed, he surrenders and gives up the existing lease, whether there be two lives or one remaining in it, and upon payment of the sum agreed upon he receives a new lease, under which he enjoys the estate subject to the payment of the reserved rent, and to the dignitary's right of cutting down

timber, and taking the game when reserved, without molestation, till one of the lives drops, when the same operation is again performed.

The renewal of leases for years is conducted upon the same principle. Such a lease cannot in general be granted for more than 21 years, and the usual course is to grant such leases for 21 years renewable every 7 years, by which it is provided, that at the expiration of 7 years the lessee may make a new bargain, and obtain a new lease, for 21 years, determinable as before at the end of every seven years, on payment of the fine agreed upon, and upon surrendering the existing lease. If he cannot agree with the dignitary at that period, another opportunity is given at the end of 14 years ; of course, the terms of the renewal will then be higher. If he does not then agree at the end of the 21 years, the lease will have expired, and he will be at the mercy of the dignitary, who may grant a new lease to any other person as well as to him. So that in practice, these leases may be considered as leases for 7 years, as the lease is generally renewed every seven years. As in the case of leases for lives, the first point to be decided upon is the annual value. The next consideration is, what interest the dignitary is willing to allow the lessee to make of his money, and this in some cases, is 9*l.* per cent, and when so the terms are calculated as follows :—

The value of the new lease for 21 years, at 9*l.*

per cent. . . . . 9 $\frac{1}{4}$  years' purchase

The value of the existing lease for the remaining

14 years, at the same rate of interest . . .  $7\frac{3}{4}$  “ “

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Difference in value . . . . .  $1\frac{1}{2}$  “ “

So that the fine upon an estate of 1000*l.* per annum, would be 1500*l.*, for which the lessee obtains an additional seven years.\* If the lessee is only allowed to make 7*l.* per cent., then the renewal would be made at two years' purchase, or for 2000*l.*, and this, I believe is more generally the case. The reason why this large rate of interest is allowed, seems to be on account of the uncertainty and unpleasantness of the tenure, the being exposed to the inconvenience of making a fresh bargain every seven years, the uncertainty of the estimate which may be made of the annual value on the next renewal, the expense and trouble of the law proceedings and fees necessarily attendant, and the being subject to the dignitary's right of cutting down timber, killing game, and the like. The estimate of the annual value is quite arbitrary, and very often is made, not upon a consideration of what the property *has* been worth annually for the last seven years, but of what it *may* be worth prospectively during the next seven years. I know this to be the case with respect to collieries. From these circumstances it is necessary that a lessee should

\* It is not a lease for 7 years immediate, but for 7 years after the expiration of 14 years; a lease for 7 years *immediate* is worth 5 years' purchase at £9 per cent.



be allowed a good rate of interest to make it worth his while to renew at all ; but there is nothing to prevent a dignitary obtaining a fine of more years' purchase, if he can meet with a lessee who is inclined to be satisfied with a lower rate of interest. I know it is asserted by the opponents to the Chancellor of the Exchequer's plan, that dignitaries take only  $1\frac{1}{2}$  years' purchase, particularly in the county of Durham. It may be so there, but it certainly is not so in other places ; and even if it is the case there, there is neither law nor equity to restrain a dignitary from demanding more and from getting it if he can. If he does not lay it on in the number of years' purchase, he will in the annual value of the property. It matters very little whether he takes a fine of only  $1\frac{1}{2}$  years, but estimates the annual value at 1300*l.*, or takes a fine of two years upon an estimated value of 1000*l.* ; in the former case the fine will be £1950., and in the latter, £2000.

I must again observe, that both in leases for lives and leases for years, the dignitary is not *bound* to renew at all. If he does not accept the terms offered by the lessee, or if he has a fancy for the estate for his own family, or if he has any personal dislike or ill feeling towards the lessee, and also thinks that he is likely to outlive the lives in the lease in the one case, or the unexpired term of years in the other, he will not renew, and the estate will eventually pass away from the lessee and his family. This is what all lessees are subject to, but this case does not frequently

arise, as in general, the dignitary is desirous to get possession of the renewal fine; there have, however, been instances to the contrary, as I have observed before. Sometimes a large estate is included in one lease, which estate, after the granting of the lease, has become divided among several parties by sales of portions of it, or by other means. In this case, when a renewal is to take place, all the parties must contribute to the fine; and if they cannot agree among themselves, which is not unfrequently the case, the lease may expire before the arrangement is made, and then the parties are at the mercy of the dignitary. This, I know, was the case with a large lease at Ripon; but in this case the worthy and excellent Archbishop of York regranted the several portions of the estate to the original parties upon very kind and liberal terms; and I can only express a wish that all dignitaries resembled him.\*

I have endeavoured to give a familiar explanation of the nature of church leases, and I will now make

\* I myself am a lessee under his Grace, and I believe I am speaking the language of all his lessees, when I say that we all experience from him the greatest liberality, kindness, and courteous attention, and have reason to be satisfied with the tenure under him. But what of that? He is only a mortal, and how can we foresee what terms we may be subjected to under his successor. If such successor should, at the time of his promotion, be 70 years of age, it is not unreasonable to suppose, that he will be willing to renew upon easy terms: if, however, he should be only 35 years of age, may we not imagine the case to be very different? This again shows the uncertainty of this tenure.

some observations about the Chancellor of the Exchequer's plan, which it is absurd to attempt to reason upon, unless persons understand the nature of the kind of property, upon which it will operate.

I will, therefore, now endeavour to state what I conceive will be the effect of the plan about to be introduced with regard to them by the Chancellor of the Exchequer, premising that I only form my opinion from the printed report of the right hon. gentleman's speech, and that I have not seen the outline even of the bill.

In few words, I conceive it to be as follows:—The fee simple or freehold of inheritance, in other words, the possession for ever of an estate now held under a church lease for lives or for years, is to be estimated at twenty-five years' purchase, which is at £4 per cent.; for if an estate is worth £1000 per annum, and I give twenty-five years' purchase, or £25,000 for it, as the interest of that sum at £4 per cent. is exactly £1000., I make £4 per cent. of my money so laid out. The interest which the lessee has in the lease, whether that be dependant upon a life or lives, or for an unexpired term of years, is also to be estimated at £4 per cent., according to the tables which I mentioned before. The value of the lessee's interest is to be deducted from the value of the fee-simple, and the lessee will have to pay the difference, which it is only fair and right he should: it is in fact, nothing more than an exchange of an uncertain term for a perpetuity, and the person gaining the perpe-

tuity must pay the difference in value. But, in truth, he is not to be called upon to pay that sum, but only the interest of it; for when it is ascertained, the interest of it at £4 per cent. is to be payable out of the estate, in the nature of a rent-charge. An example will make this plain: we will assume, as before, that there is an estate of the clear annual value of £1000, and that the lives in the lease upon which it depends are aged 20, 35, and 45 years respectively; the value of such a lease, at £4 per cent. is 19·393 years' purchase; or, in this case, £19,393.

Then we have

The value of the fee-simple, at twenty five years' purchase,	£
which is at £4 per cent. . . . .	25,000
The value of the lease, also at £4 per cent. . . . .	19,393
<hr/>	
The difference to be charged upon the estate at £4 per cent.	5,607

The interest of this sum at £4 per cent is £224 5s.6d. which is to be a perpetual charge upon the estate, fluctuating, however, with the price of corn. For this annual payment the lessee will have an estate of freehold of inheritance, entirely at his own disposal, which he may lease, or sell, or mortgage to whomsoever he pleases, subject to the rent charge; he will be free from all apprehension of having to bargain for renewals from time to time, and from all the trouble, anxiety, and expense attendant thereon: he will no longer be liable to be called upon to raise the money for the renewal, when it may be very inconvenient for him to do so. He will likewise be rid of the dignitary's valuer, solicitor, steward, bailiff, woodcutter

and gamekeeper ; he may plant a tree and water it, with the certain hope that he and his son and his son's son may sit in the shade thereof ; he may drain, cultivate and improve his fields, without fear of the dignitary's valuer making him pay twice over for his improvement, by an increased fine at the next renewal ; in short, what *seemed* to be his own will then *be* his own ; he may say, with the old ballad,—

“I am monarch of all I survey,  
My right there is none to dispute.”

I will observe further, that there is an apprehension on the part of some lessees that the Commissioners may fix too high an annual value ; for in this instance, as in cases of renewal, the annual value is the first thing to be ascertained, and upon it when ascertained, as a “datum” all calculations are to be constructed. But I really think that such an apprehension is groundless, at least I hope so. The outcry against Ecclesiastics used to be that they were rapacious ; but since this plan has been projected, the very persons who made the outcry now assert, that they (the ecclesiastics) are the most amiable and indulgent beings upon earth. I believe the outcry was unjust ; there might be instances of rapacity on their part, but it was not universal. Nevertheless there was not and there is not anything to prevent a dignitary from driving as hard a bargain as any commissioner ; and as to the measure being imperative, as far as I understand the Chancellor's plan, the alternative will be to let the lease run out, which the dignitary has

now the power of doing, without the lessee being able to prevent it. I will also add, that if the valuer should lay on a high annual value, the lessee's own interest in the lease will be valued in his favour by the same measure.

Besides, 25 years' purchase for a fee-simple gives very advantageous terms; it is worth *at least* 28 years' purchase, more likely worth 30 years', or it would soon be so from a better state of cultivation and management, additional buildings, and various improvements in towns as well as in the country. The payment of the rent-charge, after all, will be no great hardship, for I believe that at the present time all *prudent* lessees insure the lives in their leases, that is, they make a bargain with a life-insurance office, that upon payment of a certain annual sum called the "premium," a certain sum, supposed to be sufficient to meet the fine upon the renewal occasioned by the death of the party insured, shall be received from the insurance office, upon that event taking place. The amount of the premium, of course, depends upon the age of the life insured; so that, in fact, most lessees are now paying a rent-charge or yearly-rent, not indeed to the lessor, but to the insurance office; if they do not use this precaution, they will be very much inconvenienced when a life drops, if not absolutely beggared, where they have lived up to the full extent of their income without thinking of making such a provision; leasehold property has been the ruin of many a man for this reason.

With regard to leases for years, the principle of the commutation of them into estates of fee simple is just the same ; the fee simple is to be valued at 25 years' purchase, and the unexpired term in the lease at £4 per cent., and the difference is to be charged upon the estate. I will observe that, where a fine is payable every seven years, it is not correct to inquire what sum the lessee must lay by every year to meet the fine (even if he could foretell what fine the dignitary would be pleased to exact,) but it must be remembered, that a fine is always paid in the first instance before the renewal is granted, so that it should be considered what annuity for seven years that sum would purchase, if so laid out, instead of being laid out in renewing the lease. I shall resume this subject further on.

The Chancellor of the Exchequer professes that he will raise a surplus sum of £250,000 per annum, after paying to the dignitaries the annual average amount of their fines. At first view it does not appear very easy to comprehend how this is to be done without injuring the lessees, and indeed it is the most difficult part of the subject. I will endeavour, however, to explain it, and to make it intelligible, but it will require some little attention. Let us first consider it in this light : suppose none of the lessees were to agree to his plan, and that all existing leases were to be allowed to expire by efflux of time ; then the reversion, by which is meant the fee simple or perpetuity, the commencement of which is deferred till

after their expiration, will fall into the hands of the Government to dispose of. Let us now suppose that the Government should offer the reversion of all the leasehold property for sale at this present moment, and let us consider what sum it ought reasonably to receive for it. The Chancellor assumes that the annual value or rental amounts to £1,323,000, and he also assumes that the average unexpired duration of all leases, both for lives and years, taking one with another, some being shorter and others longer, is twenty four years. He assumes these two *data* from actual calculations which have been made, and which I will not enter into at present. Now a fee simple or perpetuity to produce £4 per cent to a purchaser is worth 25 years purchase, as I have explained above ; so that if immediate possession could be had of the leasehold property of England, the fee simple of the estates would at that rate be worth twenty-five times £1,323,000 or £33,075,00. But the obtaining possession is to be deferred for a certain time on account of the existing leases, and it is assumed that we may calculate upon its being deferred for twenty-four years. Now, upon consulting the tables, I find that, at £4 per cent., £1 payable at the end of twenty-four years is worth only 7*s.*10*d.*; that is, if a person was about to purchase £1, which is not to be paid till after the expiration of twenty-four years, he ought only to give 7*s.*10*d.* for it at the present time. It is obvious that he ought not to give £1 now to receive £1 in twenty-four years' time, as he



will lose all the interest of his money in the mean time. The tables shew that 7*s.* 10*d.* is the sum which he ought to give, and which in decimal parts of a pound, is represented by .390. So that we have this question of the rule of three.

As £1 deferred for 24 years : .390 : : £33,075,000 deferred for 24 years : the present value of the reversion.

and by multiplying the third term by the second, we find the result to be £12,899,250, or in round numbers, 12,900,000 ; which is the present value of the leasehold property in England, the delivery of which to the purchasers is deferred for twenty-four years. The interest of this sum is £516,000 at 4 per cent., so that the reversion of the leasehold property to come into effect at the end of twenty four years, is at the present moment worth £516,000 per annum. Now it is ascertained that the average annual amount of fines is £261,000 : by taking this last sum from £516,000, we have £255,000 remaining as an available surplus for the Chancellor ; indeed £5000 more than he professes to raise.

Let us now consider this subject in another light : let us suppose that all lessees agree to the Chancellor's plan, that is, that they all commute their leasehold property into fee simple or perpetuity, by paying, or having charged upon their estates, the difference between the value of the fee-simple and their present leasehold interests, all at £4 per cent. Now, as before, the annual value of all leasehold property is £1,323,000, and supposing the average duration

of existing leases to be twenty four years, we must ascertain how many years' purchase a term of twenty-four years is worth at £4 per cent. Upon consulting the tables, I find that it is worth  $15\frac{1}{4}$  years' purchase, which, expressed in decimals, is 15.247 ; but the value of the fee simple is twenty-five years' purchase, so that by taking the former sum from the latter, we have 9.753 years' purchase for the difference to be paid by lessees, or to be charged upon leasehold property. We must therefore multiply £1,323,000 by 9.753, and we shall have the result, £12,903,219, let us say, £12,900,000, for the difference in money, which is to be charged upon the estates at £4 per cent. which interest amounts as before to the annual sum of £516,000 ; deduct fines to the amount of £261,000 and we have a surplus income of £255,000.

I have shown that in the case of the commutation of a lease held for three lives, respectively aged 20, 35, and 45, for a fee-simple, the annual charge upon an estate of £1000 per annum would be £225 5s. 6d. and deducting this sum from the rent, there is left a clear income of £775 14s. 6d. Now, as this latter sum is the interest at £4 per cent. upon £19,393, the value of the lessees leasehold interest, he has no reason to complain, for he gets a freehold investment (the lease being turned into a freehold) which pays him £4 per cent ; this is an investment which anybody would be glad to make ; money is often laid out in an investment in land which does not produce more than £3 per cent., in some instances only £2½ per

cent. It must not be lost sight of, that he only gives twenty-five years' purchase, or £25,000, for that which he may certainly get £28,000, or perhaps £30,000, or more, for,—a clear gain of £3000, £5000, or upwards; and also that he has no annual premium to pay to the insurance office; besides being exempt from the inconveniences and annoyances mentioned before.

With respect to leases for years, the terms do not appear to be so advantageous at first sight, more particularly in a *money* point of view. Let us, however, consider how the case stands a little more minutely; let us again imagine an estate of the clear annual value of 1000*l.*, of which seven years of the lease for twenty-one years are expired, and that the lessee is about to obtain a new lease for twenty-one years, upon surrendering the existing term of fourteen years. We will put this renewal in the most favourable light, and assume that the dignitary is willing to accept as a renewal fine  $1\frac{1}{2}$  years' rental, which is 1500*l.*; I think we may also assume that the various expenses attending the renewal may amount to 100*l.*, making a total of 1600*l.*\*. Upon payment of this

\* This may be taken too high: there is certainly some expense attending a renewal, besides trouble, anxiety, uncertainty, and very often much difficulty in raising the money, particularly in the case of lessees of limited income: there is the lessee's own solicitor and valuer to be paid, unless he transacts the business himself, when there is the loss of his time and other inconveniences. In the case alluded to before, the skins of parchment, which contained the

sum, the lessee obtains an extension of his term for seven years, at the end of which period he reasonably *expects* to be allowed to renew again upon the same terms: observe, he has only an expectation that such will be the case; he has no power to enforce it. Now, the sum of 1600*l.*, if it were laid out in the purchase of an annuity for seven years, at 4*l.* per cent., instead of being laid out in renewing the lease for seven years, would buy one of the annual value of 266*l.* 11*s.* 3*d.*, say 266*l.*; so that the payment of the renewal fine may be considered as an annual charge upon the estate to that amount. Consequently, the lessee receives annually from the estate 1000*l.* *minus* 266*l.*, that is, 734*l.* But 1½ years' rental is much below the amount of the fines usually taken. If two years' purchase be required, the fine and expenses will be about 2100*l.*, which would purchase an annuity of 350*l.* nearly; consequently, in this case, the lessee only clears 650*l.* from his estate. If the fine be taken at 2½ years' purchase, the sum will be upwards of 2600*l.*, which would purchase an annuity of 433*l.* nearly; consequently, he will then only clear 567*l.* Now, let us consider the operation of the Chancellor of the Exchequer's plan, and that the lessee adopts it immediately after renewing: then, as I explained before—

colliery lease would have carpeted a moderate sized parlour: and if any body fancies that such a carpet is made for nothing, he knows very little of the mysteries of conveyancing.

The fee simple, valued at twenty-five years' purchase, or	
£4 per cent. . . . .	£25,00 <sup>0</sup>
The term for twenty-one years, also at £4 per cent. is	
worth . . . . .	14,029
	<hr/>
Difference in value . . . .	£10,971

And the interest of this last-mentioned sum, namely, 439*l.* nearly, will be the charge upon the estate for ever. But where only  $1\frac{1}{2}$  years' purchase has been taken for the fine, there is already a charge of 266*l.*, as I explained above; the additional charge, therefore, will be the difference between these two sums, or 173*l.* In this case, certainly, in a *money* point of view, the lessee will have his annual income diminished by 173*l.*; he will only have a clear income of 562*l.*, instead of 734*l.* If two years' purchase has been taken for the fine, as in that case the charge amounts to 350*l.*, he will only be worse by 89*l.* in the 1000*l.*; if  $2\frac{1}{2}$  years' purchase has been taken, he will only be worse by 6*l.* But even in the *worst* case, if the lessee chooses to sell his property, when turned into a fee simple upon the Chancellor's plan, whatever he can get for it beyond 25 years' purchase will be a clear absolute gain to him\*.

\* In my original letter I made the following statement:—"Let us, however, consider the *worst* case a little further in a money point of view: the perpetuity of 173*l.* at 4*l.* per cent. is worth or equal to the principal sum of 4,325*l.*, that is, that perpetual charge of 173*l.*

But whatever a lessee for years may lose in money, he will gain in comfort ; he will have an estate of

is redeemable and would cease upon paying down that sum. The Chancellor charges twenty-five years' purchase for the fee simple, or 25,000*l.*, but we all know that a fee simple is worth much more than twenty-five years' purchase, more probably thirty years', or 30,000*l.* so that the lessee would gain 5000*l.*, against which we must set the value of the perpetuity of the new charge, namely, 4325*l.*, and the balance, or 675*l.*, will be a *clear* gain to the lessee. If, however, the fee simple should prove only worth 28,000*l.*, the balance will be against the lessee, and he will be a loser to the amount of 1325*l.* ; this is the *very worst* case that can be put, for if he has to pay two years' purchase upon the renewal, and the fee simple produces only 28,000*l.*, by the same method of calculation he will be found to be a gainer of 765*l.* ; if  $2\frac{1}{2}$  years' purchase, he will be found to be a gainer of 2850*l.* !”

This I own to be incorrect : I was led into the error by the difficulty I had in bringing myself to believe the terms would be so advantageous to the lessees. My error, however, was corrected by Mr. Newman of York, the Actuary, in the following letter.

*To the EDITOR of the YORKSHIREMAN.*

SIR,—I have been highly pleased with some letters which I have perused in your paper, respecting the case of Church Leases. These letters appear to have been written with the laudable desire of elucidating a somewhat complicated matter, and so far as I am able to judge, have certainly thrown considerable light upon it. There is one portion, however, of the last letter in your paper of this day, which is not so clear as all the other parts.

By the statements there given, it appears that the lessee of the estate of 1,000*l.* a year, would, in the worst case, be minus a sum of 173*l.* per annum. by acceding to the Chancellor of the Exchequer's proposed plan,

This is no doubt perfectly true, but it must be borne in mind that

freehold instead of one of leasehold. This is an advantage which he will gain over a lessor for lives, for

it is the price which he pays for the possession, and power to dispose of a fee simple estate, and *that, if the estate were sold, he would no longer have it to pay, therefore, his account would stand thus:*

If he sold this estate, as there supposed, for thirty years' purchase, the produce would be .....	£30,000
But the annual rent-charge, due to the Government for changing the tenure, is £439 a year, which, if redeemed by the proprietor, would cost him .....	£10,971
	<hr/>
	£19,029
	<hr/>

Leaving a nett surplus of £19,000 to go into the pocket of the late proprietor and vendor. Now, his previous interest in the estate having only been worth £14,000, he must clear the difference of £5,000 by the transaction, supposing him to sell it, which is much more than your correspondent's statement made it. It appears, therefore, at all events, that if the proprietor can sell the estate at any thing above 25 years' purchase, he must clear a considerable sum by acceding to the Chancellor's terms. But supposing him to continue to hold the estate, and comparing his situation before and after the exchange of tenure, as your correspondent does, it must be admitted that he will be worse off, in a money point of view, by £173 per annum. It does not appear to me, that this annual liability equals or counterbalances the advantages which he otherwise obtains, particularly by the power of realising a profit whenever he can sell the estate for more than 25 years' purchase, as above shown. It must also be borne in mind, that this is taking the worst view of the case; and that, in the majority of instances, the exchange is greatly more favourable to the lessee. In all other respects, I quite agree with your correspondent, and I trust you will give these few lines insertion, to point out the error into which he has fallen.

I am, Sir, Your very obedient servant,

W. L. NEWMAN, Actuary.

Insurance Office, St. Helen's Square, York.

20th May, 1837.

the latter has already an estate of freehold *pur autre vie*, which confers a right of voting at elections and other advantages, and which descends to the heir-at-law as special occupant; the former has a mere chattel interest, which is considered as personal property, which goes to the executor or personal representatives, and which is liable to the debts of the lessee. In addition to this, he will be relieved from uncertainty and anxiety as to the amount of the sum of money which he will have to provide for the next renewal; for even if the dignitary invariably takes  $1\frac{1}{2}$ , or 2, or  $2\frac{1}{2}$  years' purchase or annual rental (which, by the bye, he is not bound to do *invariably*), still the lessee cannot foretell upon what annual rental or value the years' purchase will be assessed. I know that in the case of mines which have not been worked, or only partially worked, and have produced comparatively no income for the seven years' preceding, the dignitary fixes the annual value at the average annual sum they may be supposed to produce during the next seven years, if worked; and if the lessee will not pay the fine upon that calculation, the dignitary will not renew\*. The lessee for years also

\* A case came under my notice, where a renewal of a lease of collieries was in agitation, and where the fine was to be estimated at  $1\frac{3}{4}$  years' purchase. The party enquired of his colliery viewer, what the amount of the fine might be expected to be, and he was informed, that the viewer understood that the practice was to estimate the years' purchase upon the average rental or income of the *preceding* seven years, and, that consequently the fine would amount



gains all other privileges and immunities, equally with the lessee for lives, which I endeavoured to explain in my former letter.

I am aware that lessees for years are alarmed, lest a proper distinction should not be made in the number of years' purchase of the fee simple of land, and that of buildings. This, however, is as much or more the business of the valuer in estimating the annual value, as of the calculator in fixing the value in years' purchase. We all know that the value of the perpetuity of buildings from their very nature, is not equal to that of land; for the former are liable to constant dilapidations; they grow worse every year, they require constant repair, and at the end of a certain lapse of time, may become utterly ruinous and worthless, while the latter remains constant. The plan pursued in estimating the annual value of different kinds of property in the West Riding of

to a sum, which he mentioned, Upon the party's applying to the Agent of the dignitary to his surprise,—the fine was set at double the sum mentioned by the viewer, and the explanation given was, that it was assessed upon the average rental of what the colliery might probably produce for the *succeeding* seven years. I only mention this to shew the uncertainty of the terms of renewal. But perhaps there ought to be an express regulation for mines and collieries, and this can only be determined upon after a sober and dispassionate discussion in a Committee: this shews the absolute necessity of such a proceeding. What can the majority of mankind know about certain-rents and ten-tale-rents:—about bolls of round coals and bolls of small coals:—about overleadings and shortworkings;—about a Bishop's in-stroke and out-stroke, without an investigation?

Yorkshire, which valuation was intended to continue to be acted upon for some years for regulating the county rate, and where, consequently, it would not have been fair to have estimated buildings as well as land at the rack rent, was to deduct one-fifth or 20. per cent. from the present rental of buildings; from cottage property in the great towns 33. per cent. was deducted, or about one-third. If, therefore, the Chancellor intends to estimate the fee simple of land at twenty-five years' purchase, it will only be fair to estimate the fee simple or perpetuity of buildings generally at twenty years' purchase, and that of cottages, or other inferior property, subject to frequent repairs, to standing empty, and to not having any rent paid, (called frequently "*leakage*," ) at only  $16\frac{2}{3}$  years' purchase. So that in the case of 1000*l.* per annum from buildings,—

The value of the fee simple at 20 years' purchase will be   £20,000

The value of an existing lease for 21 years at £4 per cent.

as before	.	.	.	.	.	.	.	14,029
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Difference in value	.	.	.	6,071
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The interest of which, at 4*l.* per cent. or 243*l.*, will be the charge upon the estate: but, as I explained before, there is already a charge upon it, at  $1\frac{1}{2}$  years' fine, of 266*l.*, which the lessee will be relieved from, so that, in fact, he will be a gainer of 23*l.* annually. I think I need not pursue this subject any further: a proper allowance can, and will, no doubt, be made, either in estimating the annual value, or in the number of years' purchase: indeed it is an affair of every

day's practice with house-agents and valuers, so that there can be little difficulty in making an equitable adjustment. The subject of mines will also require a particular consideration ; but even with regard to them, the difficulty will arise in determining the annual value ; for when that is ascertained, the rest will be a simple matter of calculation by the tables. It will, in fact, be a lottery or speculation : some mines may turn out well, some may turn out ill ; but after all, it will only be the same speculation as that of purchasing freehold mines.

In making the foregoing calculations, I have assumed that the lessee has a 21 years' term ; of course if he has a shorter term, it will be of so much less value, and consequently the difference, the interest of which is to be charged upon the land, will be so much greater. For instance, if the lessee has 18 years unexpired, then—

The value of the perpetuity as before . . . .	£25,000
The value of an 18 years' term at £4 per cent. . . .	12,559
	<hr/>
Difference in value . . . .	£12,341

The interest of which, at 4*l.* per cent., is 493*l.* 12*s.*, which will be the charge upon the estate. So again, if there be only six years unexpired, it will be found that the annual charge will be 688*l.* I fear I may have entered unnecessarily into these details, but I wish to lay the case as simply as possible before persons not conversant with this species of property.

I have heard it asserted, that in the county of Durham, persons have given as much as 18 years' purchase for an unexpired term of 17 years: now, by the tables, they ought only to have given, to make 3*l.* per cent. of their money, 13 $\frac{1}{4}$  years' purchase—and to make 4*l.* per cent. of their money, 12 $\frac{1}{4}$  years' purchase. In the first place, I do not believe the assertion\* ; but, in the second place, if such an instance really has occurred, the purchaser must have speculated upon some latent quality in the property which could induce him to give such an enormous price ; as, for instance, that the valuer had been de-

\* Since the above was written, I have had conversation with gentlemen connected with the County of Durham, and from their representations it appears certainly, that as much as 20, 22, and even 25 years purchase has been given, and is given for a term of 19, 20, or 21 years: this is much beyond what the tables lead us to estimate the value at. But these are all cases arising in the County of Durham, which is differently situated from other counties; it is the county of minerals; what is under ground is much more valuable than the surface. It is a place of great trade and speculation, and all the cases, which have come under my notice, are those which have arisen from peculiar local circumstances; in many instances no land is to be had for any purpose but leasehold land; all this will be enquired into and duly considered in the Committee, and perhaps it will be found necessary to make a special legislative provision for the mining and other property in that County connected with mines; but that does not alter the general principle. I think it must be obvious, that a person making such purchases, would rather have bought freehold, if he could; and that if leaseholds under such circumstances fetch so many years' purchase, a freehold under the same circumstances would fetch 35 or 40 years' purchase, which the Chancellor offers by his plan for 25 years' purchase.

ceived in the annual value, or that there was something extraordinarily productive in it, or that there was immense capability of improvement, so as to make it a probably profitable investment; or lastly, the purchaser cannot have acted with common prudence; he cannot have been sufficiently awake to his own interest, and, if so, I can only say to him in the words of the old legal maxim,—

“*Vigilantibus non dormientibus leges inserviunt.*”

which may be freely translated, “We can’t make laws for silly fellows.”

Under every consideration of the case, it appears to me, upon the best attention I have been able to bestow upon the subject, that the Chancellor’s plan will be sufficiently advantageous to lessees to induce them to accept it, and I am only surprised that any of them should be opposed to the measure; they may have to pay for making the change, but it is evident that they will not have to pay too dearly for the advantages which will ensue. It is easy to understand why the ecclesiastics are hostile to it; they have made a return of the supposed annual amount of their fines, and they may be afraid of being taken at their word, and that the amount returned, and no more, will be paid to them; whereas, in fact, the real amount may be much greater. If it is so, and if the average interest at which renewals are made is assumed to be only 6*l.* per cent., instead of 7*l.*, on which latter assumption the calculation of the annual value or rental is made, the result may be the same as to the

annual value ; but the difference between the actual value of the fines, and the return made by them, will go a long way towards making up the surplus, which I have shewn the Government has a right to expect. To make this plainer : they have returned the average annual amount of their fines at 260,000*l.*, and upon that *datum*, and assuming interest to be at 7*l.* per cent., it has been deduced that the annual rental of church property is 1,300,000*l.* ; but if, in fact, the average annual amount of fines should be 330,000*l.* and average interest at 6*l.* per cent. (which I believe more likely to be the case the same rental will be obtained. In this case, if the ecclesiastics are to be taken at their word, and are only to receive 260,000*l.*, it is clear the remainder, that is, 70,000*l.* per annum, will go towards making the Chancellor's surplus.

THE END.

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